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Annual Report

Indian Oil &
Gas Canada

1999 - 2000

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MESSAGE FROM THE CEO

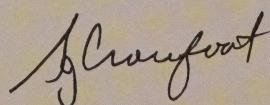
The year 2000 has in some ways been nothing short of remarkable, even record-setting in the oil and gas industry. Given the sustained flurry of activity throughout the year, companies are reporting record profits but there are also some changes brewing in the industry as a whole.

Indian Oil and Gas Canada (IOGC) has made substantial progress this year in developing new partnerships and strengthening existing ones with individual First Nation communities, industry leaders and all levels of government in promoting First Nation interests related to oil and gas. More and more, First Nations are becoming important players in the oil and gas industry, in Western Canada and beyond. Much work still remains to be done.

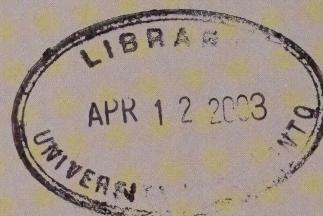
With an ever-increasing focus on development of policy, consultation and a concerted effort in the coming months to work towards the development of a new regulatory change agenda and ongoing amendments to the Indian Oil and Gas Regulations 1995, the need for communications activities, public education and an even more determined focus on the tangible progress and results will become central in many of our initiatives in the near future. In keeping with one of the major themes of Gathering Strength, IOGC is working with First Nations to develop the needed skills to prepare First Nations to take on more responsibilities with regard to oil and gas management and control. This will position First Nations to access the economic and employment benefits these new responsibilities may bring about.

I am pleased to report that in 1999-2000, IOGC collected \$141.5 million in total revenue on behalf of First Nations, while over 130 new wells were drilled, bringing a total of more than 800 producing wells under IOGC administration.

The focus of IOGC in the coming year will continue to be on day to day operations. We will also be providing support, strengthening partnerships and forging new ones, with individual First Nations, the Indian Resource Council (IRC) as well as working to strengthen our role within the industry. As an organization, we aim to undertake a stronger role in encouraging and assisting in consultation with First Nations and other stakeholders. After all, it is First Nations themselves who have the best idea what they need and what is helpful or a hindrance to progress as we move towards further self-sufficiency. We will also continue to focus on opportunities for training, advancement and economic development that all flows from our participation in this dynamic industry that is so much a part of the Western Canadian landscape. We look forward to the challenge.



Strater Crowfoot



1999-2000

CO-MANAGEMENT BOARD OF DIRECTORS

Mr. Ben Ground, *Enoch First Nation (Co-chairman)*

Mr. R.B. (Bob) Watts, *Assistant Deputy Minister, Lands and Trust Services, Department of Indian Affairs and Northern Development (Co-Chairman)*

Chief James Ahnassay, *Dene Tha' First Nation
Councillor Errnol Gray, Aamjiwnaang First Nation*

Mr. Gregg C. Smith, *Executive Director, Treaty 7 Tribal Council*

Ms. Judy Maas, *Treaty 8 Tribal Association
Mr. Bernard Shepherd, White Bear First Nation*

Mr. Strater Crowfoot, *CEO and Executive Director,
Indian Oil and Gas Canada*

Mr. S. Robert Blair, *Chairman Emeritus, Nôva Corporation
Mr. Roy Fox, Indian Resource Council of Canada (ex-officio)*

Indian Oil and Gas Canada (IOGC) operates under the direction of a Chief Executive Officer/Executive Director who works in conjunction with the nine-member Board of Directors. The Board was established in 1996 by the signing of a Memorandum of Understanding (MOU) between the Minister of Indian Affairs and the Indian Resource Council (IRC). The MOU established a Board of Directors to initially co-manage IOGC operations, focusing on areas of collective interests, such as IOGC issues, policies, plans, priorities and resources. The Board also plays an important role in developing a vision to describe how the system for oil and gas management will function when First Nations assume control. The longer term calls for First Nations to assume eventual direction and control of IOGC, with a three-stage transition process. Six of the nine Board members are selected by the IRC and three by the Crown.



Ben Ground



Bob Watts



Chief James Ahnassay



Errnol Gray



Gregg Smith



Judy Maas



Bernard Shepherd



Strater Crowfoot

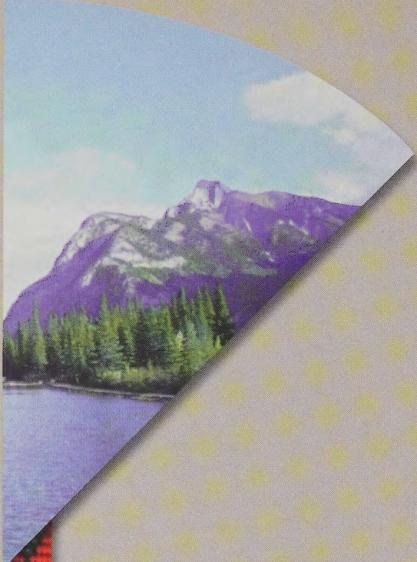


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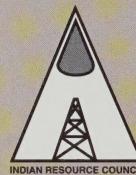
Robert Blair



Roy Fox



INDIAN RESOURCE COUNCIL OF CANADA (IRC)



Established in 1987 as a stand-alone, First Nations owned and operated agency, the IRC acts as a representative voice for First Nations with oil and gas interests. Indian Oil and Gas Canada has had a positive and productive partnership with the IRC which both have worked to build. Six of the nine board members of IOGC are chosen by the IRC including the Co-Chairman.

The IRC serves their First Nation members by:

- complementing the interests and activities of individual First Nations respecting energy initiatives, including employment opportunities;
- developing and implementing employment and training programs;
- supporting member First Nations in their efforts to attain full management and control of their oil and gas resources; and
- coordinating the promotion of initiatives with government, industry and other groups.

The IRC serves both as a catalyst and an assistance provider for First Nations governments, business entities and individuals hoping to take advantage of business and employment opportunities associated with oil and gas development. The organization assesses the development potential of initiatives such as power and co-gen development and the use of natural gas as the feedstock in the production of electricity. With the deregulation of the Alberta energy industry and high natural gas prices, there is an opportunity for First Nations, many of which have good-producing wells. Further to this, the IRC promotes the development of downstream, value-added oil and gas activities such as power development.

To these ends, the IRC is involved in the development and implementation of employment and training programs and the creation of alliances between First Nations and the oil and gas sector. It also supports First Nations in their efforts to attain full management and control of their resources and coordinates the promotion of initiatives with government, industry and other groups.

The IRC is headed by a President/CEO, Mr. Roy Fox (former Chief of the Blood Tribe) reporting to a Board of Directors. The IRC Board consists of 15 First Nation Directors appointed by the Chiefs to represent the Treaty areas 6,7,8; Alberta, Saskatchewan, Ontario/Manitoba, British Columbia, the Northwest Territories and the Yukon. The current Chairperson of the IRC Board is Ben Ground of the Enoch First Nation. Chairman-elect is Bernard Shepherd of White Bear First Nation representing Saskatchewan First Nations.

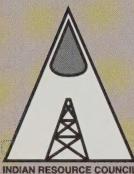
CONSULTATION AT INDIAN OIL AND GAS CANADA

Through Gathering Strength, Canada's Aboriginal Action Plan, the Government of Canada has developed a strategy to renew the partnership with Aboriginal peoples. A key element of this strategy is full participation of Aboriginal people in the design and delivery of programs affecting their lives and communities.

When the Indian Oil and Gas Regulations were revised in 1995, provisions were made for First Nations to become more involved in the management and control of their oil and gas resources. In many instances, the Regulations set requirements for consultation which IOGC regards as a base minimum. In many cases, IOGC goes much beyond those minimal guidelines.

On a corporate level, IOGC believes that its partner First Nations have the right to be consulted on decisions that directly affect them. The above value statements reflect the commitment to deal with all parties in a respectful and honourable manner.

PRODUCTIVE PARTNERSHIP



IRC President/CEO Roy Fox on the relationship between the IRC and IOGC

"Becoming more involved in the overall management of IOGC," believes IRC president Roy Fox, "has lead to a growing, positive relationship. At the same time, IOGC and the federal government are becoming more appreciative of our responsibilities at IRC."

The IRC was established fourteen years ago to act as a watchdog over the newly formed IOGC. It was the thinking of the member tribes of the IRC, which now number over 110, that there ought to be a First Nations entity to ensure that the federal government was managing First Nations oil and gas effectively. First Nations government members wanted to ensure that tribal members were receiving the best return from their oil and gas resources.

That mandate has evolved to the point where the IRC now appoints the better portion of directors to the IOGC Co-Management Board, which has thus taken over a lot of the work originally assigned to the IRC. This body, to a certain degree, oversees the work of the IOGC.

"I think it's worked out well," believes Fox. "There is a trust that has been built between the board and management. I believe that the management, from IOGC CEO Strater Crowfoot on down, see the value of having this board in place. It's led to more development and it's led to more resources being put to IOGC from the federal government. It's made it known to government and industry that we need to build more capacity so that the Special Operating Agency can carry out its obligations. That part has worked."

It has worked so well in fact that Fox believes the IRC will be the entity to help its own members take advantage of business opportunities that come about through the exploitation of their oil and natural gas resources.

IRC member tribes are now developing their own business entities such as the ownership of oil rigs. They are not merely looking to manage their resources but also to begin to take advantage of oil and gas business opportunities. "At the same time," says Fox, "industry is realizing that if they really want to get ahead in the oil and gas sector, especially in the west, and up north they have to begin to involve First Nations and Aboriginal people in their overall plans." He points to recent Supreme Court rulings in regard to traditional First Nations' lands and the fact that Aboriginal people are now reasserting their ownership of natural resources on those lands. "If they create this good relationship with First Nations or Aboriginal partners, it would seem that they would have at least easier access to those lands and be able to work productively with First Nations."



IOGC: THE YEAR IN REVIEW 1999 - 2000

MANAGEMENT OF THE FIRST NATIONS OIL & GAS MANAGEMENT INITIATIVE (PILOT PROJECT)

As part of overall self-governance aspirations, First Nations have long been determined to take over administrative control of their oil and gas resources. The formal process of achieving this self-management was begun in February of 1995 with the signing of The Pilot Project Management Initiative between five petroleum-producing First Nations and the Federal Minister of Indian Affairs.

Early on in the process it became apparent that the advancement of First Nations' oil and gas resource self-management would be challenging and would be a complex and lengthy process lasting seven to ten years. Solid, open communication and the careful cultivation of a network of relationships between First Nations, the Department of Indian and Northern Affairs (DIAND), IOGC, the Indian Resource Council (IRC) and industry has been key to the Pilot Project's operational success.

Now in its Enhanced Co-Management (ECM) phase, training and capacity building have become the focus. IOGC continues to play a part in the advancement of leadership and job skills training through on the job training at the band level; by working very closely with the band technicians to assist them in gaining confidence through informed decision-making; and in assisting band employees to take formal training courses at established industry training institutions. The current ECM phase includes the further development of a communication process that will inform First Nations' leadership as they consult with their communities in the Pilot Project's final stage. The project is intended to develop a management model that First Nations may wish to follow to achieve full resource control.



BUSINESS CLIMATE

1999-2000 was an exceptional business year for the oil and gas industry. Prices went through the roof. High oil prices have spurred the industry into increased exploration. Last year a near-record number of wells were drilled on Alberta lands with even bigger numbers predicted for the coming year.

As circumstances can change quite quickly in this volatile industry, IOGC is careful to monitor world oil and gas developments. The opening of an Alaskan Arctic wildlife refuge to development, for example, could impact world prices. For now, the Canadian oil and gas industry continues to benefit greatly from the high price of petroleum.

A large number of companies, 154 at the end of this year, have interests on First Nation lands. Production on First Nation lands accounts for about 1.5 to 2 percent of the Canadian industry total. Whatever impacts Canadian oil companies impacts First Nations. High oil prices mean not just higher royalty cheques but much-increased industry exploration and development on First Nation lands and the additional benefits this facilitates.

The enhanced viability of previously untapped oil and gas reserves coupled with the extent of as-yet unexplored Aboriginal lands, spells opportunity for both industry and First Nations. New initiatives are now underway in the Rocky Mountain corridor. Home to several First Nations, the high cost of drilling in the area has made it a high-risk venture. Exploration and drilling in the corridor, however, is now on the rise.

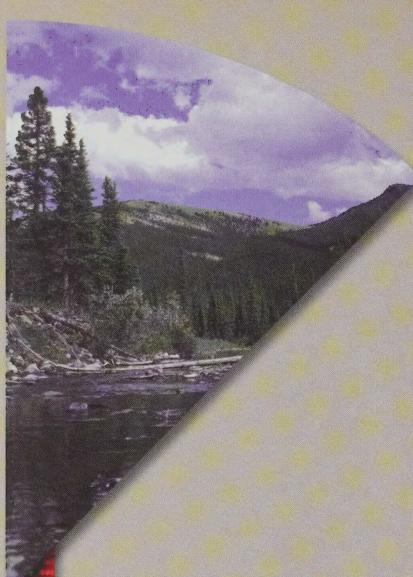
Another example of this shared potential is found in tar sands-producing areas of Alberta. Though the sands are a known and proven reserve, industry continues to fund research and development of this resource. Relatively expensive to extract, First Nations in the area stand to benefit.

The economic benefits from booming industry operations are substantial for First Nations. First Nations receive bonuses just to let the company on their land and royalties on production. That money goes into the fabric of band society — infrastructure, social needs and so on. Of great importance to First Nations, expanded oil and gas activities create spin-off employment opportunities either in the form of direct hiring by industry or through the development of Native-operated businesses. This is a time of exciting potential for First Nations and the greater petroleum industry. Both are aggressively rising to the occasion.

The following year-end statistics demonstrate the strong industry position enjoyed by First Nations as of March 31, 2000:

- 154 companies had interests on First Nation lands encompassing approximately 519,678 hectares
- 505 active subsurface agreements and 1631 active surface agreements were being managed by IOGC on behalf of First Nations
- bonuses received from new permits, negotiated lease agreements and lease selections from permits totaled more than \$12.7 million.





A REAL LEARNING EXPERIENCE

Chief James Ahnassay on Dene Tha' oil and gas aspirations

"I think it's very beneficial," explains Chief James Ahnassay of Dene Tha' First Nation, "for us to get to know the ins and outs of how IOGC works, how the government handles our monies. Our involvement in the Indian Resource Council [IRC] and First Nations Employment Training [FNET] allows our First Nation to develop capacity and the general knowledge of how oil and gas benefits are handled for the benefit of the people."

Dene Tha' was one of the initial five nations to enter into the Pilot Project. The Northern Alberta band, consisting of just under 2300 members, eagerly embraced the opportunity for learning and development that the project presented. Members had coincidentally discovered the potential of oil and gas wealth hidden beneath their land not long before the launch of the project. Surveys by Amber Energy and Mobil Oil indicated the existence of a number of oil-bearing reefs.

Upon joining the project, Dene Tha' began the process of training band members to take advantage of employment opportunities. An initial training program at the Southern Alberta Institute of Technology (SAIT) included three individuals. Two other training programs are now underway at SAIT, that involve some 45 band members.

These two initiatives are made possible through a network of partnerships. The Mbedhii Employment Training Project, spearheaded by the North Peace Tribal Council, also features the participation of Ventus and the Alberta Natural Resources Initiative (NRI) as well as the IRC through FNET. The second, Petroleum Employment Training (PET) 2001, is a cooperative initiative between the Government of Alberta and Dene Tha'.

"We want to develop leadership," says Ahnassay. "We have a lot of labourers but don't have skilled foremen and project managers, that type of thing." Both programs will provide students with the certificates and academic upgrading necessary for entering the oil and gas field. The Mbedhii program will put students on the road to a two year Northern Alberta Institute of Technology oil and gas diploma such as Petroleum Engineering or Instrumentation.

This is not to say that jobs for Dene Tha' labourers have been unwelcome. The band has benefited tremendously not only from one-off contracts for line cutting and clearing of right-of-ways, but from member-owned companies that service the oil industry that provide further jobs. Boss Services primarily works on road maintenance while A & A Contracting is a general contractor operating heavy equipment, building roads and ice bridges, and whatever else is required by oil and gas companies setting up well sites.

While oil and gas development on the Dene Tha' reserve has been largely welcome, the community has had its concerns. The band asked IOGC to look into the possible impact of sour gas flares on the health of individuals. Industry led an open house and workshop on the matter as well as going door to door listening to band members directly. Though some remain concerned, people's fears were largely settled in part due to the low sulphur content of the band's oil and gas.

"Being involved in the Pilot initiative has been a learning experience," says Chief Ahnassay. "Hopefully one day we'll be able to do a lot more for ourselves in terms of managing things on our own. At the end of the project once the consultations are done you have a referendum. The ultimate decision [about self-management] lies with the people. That's the beauty of the Pilot initiative: at the end it doesn't lie only in the leadership's hands but rather with the community."

EXPANDING TIES



Canadian Association of Petroleum Producers (CAPP) President Pierre Alvarez on the oil and gas industry's relationship with First Nations.

CAPP acts as the representative voice of the upstream producing sector of the petroleum industry. Its membership encompasses developers and producers of approximately 95 percent of Canada's natural gas and crude oil.

Association President Pierre Alvarez describes 1999-2000 as, "firing on all cylinders, a very, very exciting year." A significant improvement in price spurred on a tremendous renewal of investment. Industry will invest in excess of \$21 billion in capital this year including \$12-13 billion in the Western Canadian Sedimentary Basin, \$5 billion in Alberta's oil sands, \$2 billion on the East Coast and \$1 billion in the Arctic.

Petroleum producing First Nations benefited along with the industry. There have been significant land sales on reserves and in comprehensive land claims areas as well as on public lands in the Arctic covered by land claim settlements. There has been much recent development activity, for example, on First Nation land in the Cold Lake and Fort McMurray area.

As a land based industry, the oil and gas sector has much to gain from good working relationships with First Nations. "Any relationship affecting other land owners and stakeholders," explains Alvarez, "affects our ability and the efficiency with which we can work." As the industry moves increasingly out of Southern Alberta and Southern Saskatchewan and into the northern parts of the provinces, the far north and even parts of the East Coast, it is coming into increased contact with Aboriginal populations. "Clearly," says Alvarez, "it's important for us to have good relationships. It makes good operational and business sense."

The oil industry is a very significant employer of First Nation people and has responded enthusiastically to the desire for development and employment training within Aboriginal communities. "Our focus is on business opportunities and development," says Alvarez. "The most important place for industry in relation to Aboriginal communities is on that side."

"We also understand that some of the outstanding land claims issues, some of the unresolved Aboriginal rights issues are very important and certainly we have encouraged government at all levels to seek a resolution to these as quickly as possible." While a lack of clarity over some of these issues sometimes holds up industry progress, and there are inevitable disagreements, mutual respect and a concerted effort to bridge cultural gaps has characterized interactions.

"By and large," says Alvarez, "the relationships are evolving and have become considerably more positive. We have gotten to know each other's way of working and expectations. Getting to know each other is an important first step."



OPPORTUNITIES FOR INDUSTRY

Though the multi-nationals are involved in First Nation oil and gas, most companies operating on Aboriginal lands are small to intermediate in size. Key to the success of these companies has been the building of good relationships. Protocol dictates that First Nation chiefs deal with company heads person to person. While large corporations are not always free to send in their CEOs for meetings or negotiations, smaller companies have built good working relationships with First Nations through direct consultations involving company leadership and the demonstration of respect for chiefs and band councils. Some companies have made their starts on First Nation lands and have experienced considerable growth.

Companies have come to realize that when they work on First Nation lands, there is more to the operation than simply going in and drilling a well. They must deal with community concerns and the fact that First Nations do not always want just a royalty cheque but rather other spin-offs.

A band may seek employment opportunities for its members such as line slashing, water delivery or site preparation. In several instances First Nation-owned businesses have evolved independently to provide services to oil and gas operations. There are substantial benefits for both sides.

First Nation lands available for lease in Canada are also much less explored than surrounding land. Provincial land sales processes make only selected blocks of land available for bidding. Typically a company may share an oil or gas pool with as many as four or five others. While the capital expense is shared in this instance so to are the profits.

Companies willing to build relationships with First Nations can tap into large blocks of contiguous land. The luxury of leasing almost entire reserves is feasible provided the bands involved are agreeable. A company making a major find may thus have the subsurface pool all to itself.

- An estimated 1.5 million hectares of First Nations land are identified as a potential source of oil and gas production
- Approximately 800 000 hectares are believed to have fair to good potential
- Industry has the opportunity to lease large blocks of contiguous lands, with common ownership of surface and subsurface rights
- All royalties paid on First Nations lands are deductible when calculating income for federal income tax purposes



INDIAN OIL AND GAS CANADA OVERVIEW

HOW DOES INDIAN OIL AND GAS CANADA FIT INTO THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT?

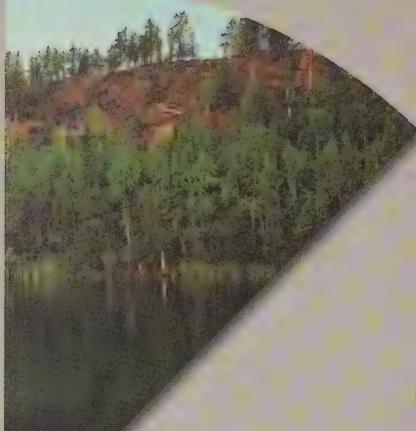
Indian Oil and Gas Canada is a branch within DIAND similar to one of its regional offices with dual reporting directly to the Deputy Minister and Assistant Deputy Minister, Lands and Trust Services (LTS). IOGC's singular focus on oil and gas management and the necessary links to the department's Lands and Trust Services branch, has meant that IOGC reports to the Assistant Deputy Minister, LTS on day-to-day issues.

This said, IOGC requires, and has been given, the relative authorities required to fulfill obligations to First Nation clients on timelines compatible with the greater oil and gas community. IOGC was granted Special Operating Agency (SOA) status in 1993 to give it the flexibility to work as a business-oriented organization within the dynamic and often volatile environment of the Canadian oil and gas industry.

Below is a departmental chart that illustrates how IOGC fits into DIAND.

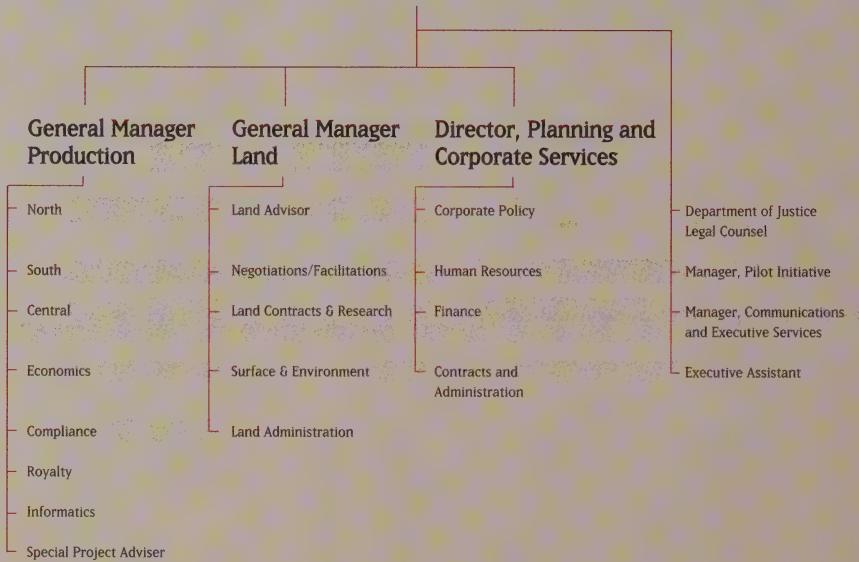
Department Of Indian Affairs and Northern Development Executive Organizational Chart





ORGANIZATIONAL CHART

Chief Executive Officer and Executive Director



MISSION, VISION AND VALUES

Mission

Our mission is to work together with First Nations to manage their oil and gas resources

Vision

- to develop a corporate culture that is innovative, proactive and progressive where employees are empowered and accountable
- to be fair and consistent in the application of policies and procedures
- to actively seek to understand First Nations cultures, goals and aspirations
- to be open and to share knowledge and information that promotes informed decision-making
- to strive for excellence in services provided
- to work with the First Nations and actively promote their objective of achieving full management and control
- to work in partnership with the IOGC Co-Management Board to develop options to achieve full First Nation management and control

Values

Integrity

- I will be honest
- I will be ethical and act above reproach
- I will be thorough and forthright

Respect

- I will be considerate, empathetic and open-minded
- I will value the opinions of others and strive to understand through active listening
- I will appreciate diversity

Shared Leadership/Teamwork

- we will work as a strong, cohesive team
- I will seek input from my partners to work with them towards a common goal

Positive Attitude

- I will approach changes and challenges with optimism
- I will embrace each day with a positive frame of mind
- I will participate in a positive manner

ESTABLISHMENT OF IOGC

The Department of Indian Affairs and Northern Development (DIAND), created in 1966, is entrusted with fulfilling the legal obligations of the federal government to Aboriginal people as outlined in treaties, the Indian Act and other legislation. Natural resources on First Nations lands, including oil and gas, are managed through this department. To meet the increasing demands of oil and gas activity, DIAND created Indian Oil and Gas Canada in 1987, replacing Indian Minerals West.

MANDATE

The Mandate of IOGC is to fulfill the Crown's fiduciary and statutory obligations related to the management of oil and gas resources on First Nations lands and to further First Nation initiatives to manage and control their oil and gas resources.

Statutory Authorities

IOGC continues to operate in accordance with provisions of:

- the Indian Oil and Gas Act; and
- the Indian Oil and Gas Regulations, 1995

IOGC also enforces associated federal legislation which includes provisions of:

- the Indian Act
- other relevant legislation



OPERATIONAL UNITS

IOGC has four distinct units that regulate the exploration, production and management of First Nations oil and gas resources.

- the Executive Unit is accountable for overall agency planning and direction, pilot project management and overall executive and legal services
- the Land Unit issues and administers leases on First Nations lands
- the Production Unit monitors production and collects royalties
- the Planning and Corporate Services Unit is responsible for corporate planning and policy development, finance, administration and human resources

THE EXECUTIVE UNIT

The Executive Unit, headed by the Chief Executive Officer, focuses on:

- setting corporate direction and strategy;
- implementation of directives of the IOGC Board of Directors;
- communications and corporate executive services;
- legal services; and
- management of the pilot project.

Along with fulfilling the Crown's fiduciary and statutory obligations related to the management of oil and gas on First Nation lands, one of the unit's other central objectives is to further the aspirations and initiatives of First Nations to manage their petroleum resources. To this end, the CEO and the other members of IOGC's executive team act as senior level liaisons between:

- the IOGC Board of Directors;
- First Nations elected leadership;
- other government agencies; and
- the Canadian oil and gas industry

Management of the Pilot Project

The First Nations Oil and Gas Pilot Project also falls under the umbrella of the Executive Unit. The Pilot Project is now in its Enhanced Co-Management Phase and IOGC is continuing to work with the First Nations involved to mark our progress and determine the best approaches to take in developing a management model that First Nations may wish to follow to achieve full resource control. In 2000, the communications unit at IOGC finalized strategic communications plans for the First Nations Oil and Gas Pilot Project.

The Communications/Executive Services Group

Responsibility for IOGC corporate and First Nations communications and executive services lies within the Executive Unit. The Manager of Communications and Executive Services reports to the Executive Director. The Communications/Executive Services Unit is responsible for:

- ensuring the proper dissemination of information to First Nations, the public and government;
- development of corporate communications strategies regarding IOGC issues that have the potential of impacting on First Nations or the private sector;
- development and preparation for briefings on IOGC issues for senior DIAND/ IOGC officials and the minister; and
- preparation of communications plans, strategies, reports (including the Annual Report) and correspondence on IOGC activity.

Department of Justice (DOJ) Legal Counsel

DOJ legal counsel have increasingly taken on a vital support role, not only in terms of litigation matters, but especially in the contract and land issues that play such an important role in the day to day business of the organization.

These activities include:

- provision of legal advice in respect to the First Nations Oil and Gas Management Initiative and the IOGC Co-Management Board of Directors;
- regulatory, policy and operations advice as well as monitoring litigation in which IOGC is involved; and
- provision of legal advice to the IOGC executive management committee.

THE LAND UNIT

There are four distinct groups within the Land Unit:
Negotiations/Facilitations, Land Contracts and Research,
Land Administration and Surface and Environment.

The Negotiations/Facilitations Group

This group is responsible for:

- assessment of proposals by interested companies to ensure they are fair, reasonable and competitive
- help to First Nations in reaching agreements with companies by offering a support or lead role in the negotiation process
- provision of advice to Treaty Land Entitlement (TLE) First Nations, various federal and provincial government departments and industry to facilitate the implementation of the TLE process

The Land Contracts & Research Group

This group is responsible for:

- verifying legal title prior to surface and sub-surface disposition
- confirmation of oil and gas rights with respect to designation and leasing availability
- confirming acreage for pooling purposes
- drafting and ensuring execution of subsurface contracts and amendments in accordance with any negotiated terms and conditions and with federal government regulations, when an agreement is reached
- monitoring subsurface commitments

The Land Administration Group

This group is responsible for:

- administration of all surface and subsurface oil and gas agreements throughout the life of the agreement, including financial commitments (excluding royalties) and bond suspense accounts
- drafting and ensuring execution of all surface agreements in accordance with any negotiated terms and conditions and with federal government regulations, when an agreement is reached

The Surface and Environment Group

This group is responsible for:

- management of matters relating to the disposition and approval of surface agreements and surface access, and for training, liaising with, and providing information to First Nations and industry in regard to surface dispositions
- ensuring all proposed oil and gas surface activities, including seismic, drilling and pipeline rights-of-way undergo an environmental assessment as required by the Canadian Environmental Assessment Act (CEAA)
- screening all environmental assessments to ensure environmental impacts are mitigated to the extent practical
- imposition of terms so that oil and gas companies comply with all environmental legislation
- performance of field inspections and audits of surface facilities to monitor industry compliance with the surface agreements

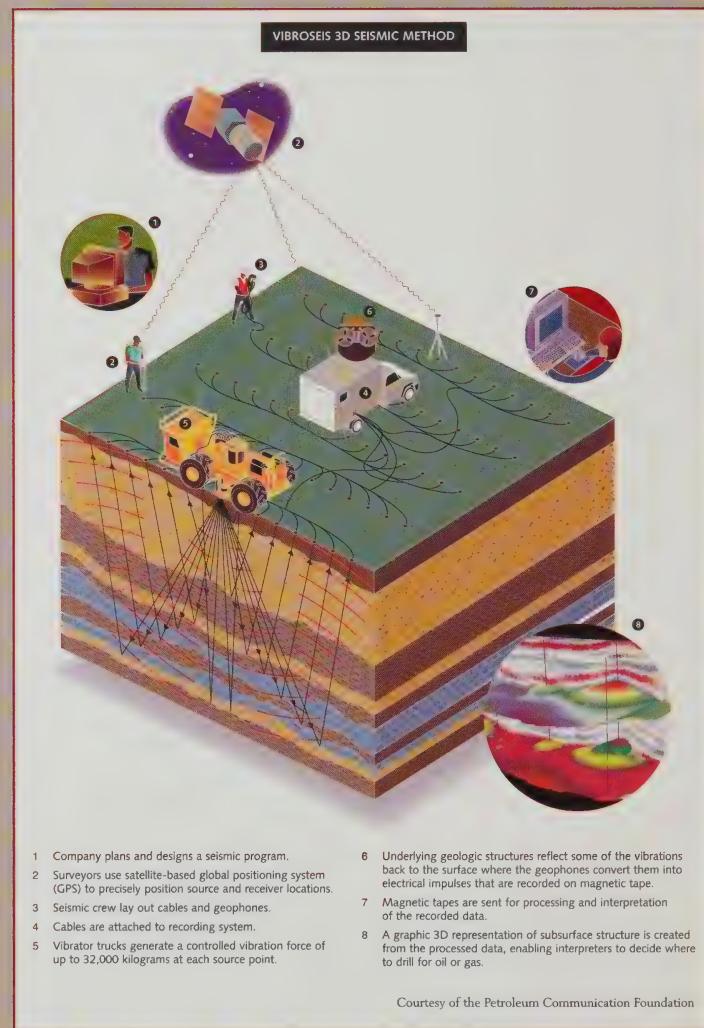
Overall Land Results

Exploration activity on First Nation Lands continued to be strong as evidenced by the 211,318 hectares of land newly leased, permitted or converted from permit to lease. This resulted in bonuses totalling more than \$12.7 million, nearly an 80 percent increase over the previous year.

At year end there were 154 companies with interests in First Nations lands, encompassing approximately 519,678 hectares, with over 505 active subsurface and 1631 active surface agreements. Compensation and rents from these agreements and from seismic totalled just over \$7.9 million for the year.

First Nations Benefit From 3D Seismic Technology

Canadian seismic companies have a reputation for developing and employing leading-edge technology. In the search for oil and gas the industry uses 3D technology to identify different rock layers and structures below the Earth's surface. Seismic surveys are used to give a "picture" of a specific subsurface area of land. Geophysics crews typically lay out lines of sensitive receivers called geophones on the ground. Vibrations are then created using machines or explosive charges. The geophones record the energy reflected back off these underground structures and the data is collected for analysis. Shot lines (vibrations or seismic) are laid out at right angles to the receiver lines (geophones) enabling a 3D picture to be constructed.



Courtesy of the Petroleum Communication Foundation

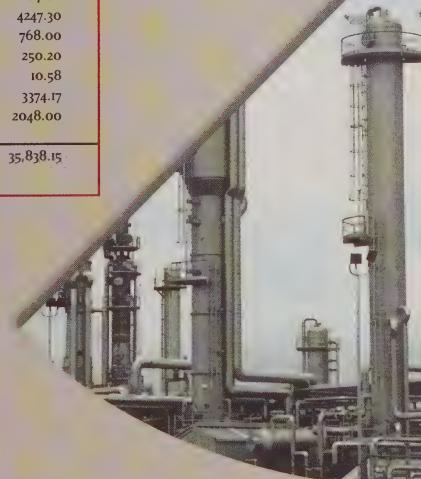
IOGC's Environmental Commitment

Indian Oil and Gas Canada is responsible for ensuring that oil and gas companies abide by federal and provincial environmental legislation. This responsibility goes hand in hand with IOGC's long-standing commitment to minimize the oil and gas industry's environmental impact.

When companies apply to conduct surface work on First Nations lands, they must prepare an environmental assessment that outlines the environmental significance of the project. The assessment must consider the environmental effects, the cumulative effects and the long-term effects. It must also include consultations with and documentation of concerns raised by reserve residents. Screenings of the assessments are done by IOGC staff as the Responsible Authority, with the cooperation and input of First Nation environmental representatives on all surface disposition approvals. These assessments and screenings are required under the Canadian Environmental Assessment Act.

NEW SUBSURFACE LEASES: 1999-2000 (EXCLUDING LEASE SELECTIONS FROM PERMITS)

Reserve	Company	Area Disposed (ha)
Alexander #134	Petro-Reef Resources Ltd.	280.30
Amber River #211	Barrington Petroleum Ltd.	506.80
Joseph Big Head #124	Wascana Energy Inc.	151.40
Blood #148	Bonavista Petroleum Ltd.	4.42
Blood #148	Bonavista Petroleum Ltd.	944.26
Blood #148	Petrobank Energy and Resources Ltd.	1394.60
Blood #148	Bonavista Petroleum Ltd.	19.73
Cold Lake #149	Genesis Exploration Ltd.	1.73
Cold Lake #149	Genesis Exploration Ltd.	3.30
Cold Lake #149	Barrington Petroleum Ltd.	3572.80
Hay Lake #209	Edge Energy Inc.	12000.52
Red Pheasant #108	Bonavista Petroleum Ltd.	1614.41
Red Pheasant #108	Bonavista Petroleum Ltd.	2463.00
Samson #137	Samson Oil and Gas Inc.	64.00
Samson #137	Velvet Exploration Ltd.	256.00
Seekaskootch #119	Murphy Oil Company Ltd.	3.43
Siksika #146	Hunt Oil Company of Canada, Inc.	256.00
Siksika #146	Hunt Oil Company of Canada, Inc.	19.20
Stony Plain #135	Oskya Energy Ltd.	1520.00
Sturgeon Lake #154	NAL Resources Ltd.	64.00
Swan River #150E	Constar Resources Ltd.	4247.30
Tsuu T'ina #145	Owl Exploration Ltd.	768.00
Wabasca #166D	Enermark Inc.	250.20
Wabasca #166D	Canadian Natural Resources Ltd.	10.58
Wabasca #166D	Husky Oil Operations Ltd.	3374.17
Wabasca #166D	Husky Oil Operations Ltd.	2048.00
		TOTAL 35,838.15



NEW SUBSURFACE PERMITS: 1999-2000

Reserve	Company	Area Disposed (ha)
Drift Pile River #150	Genesis Exploration Ltd.	6735.86
Peigan #147	Velvet Exploration Ltd.	44731.16
Peigan Timber Limit #147B	Velvet Exploration Ltd.	44731.16
Puskiakiwenin #22	Petromin Resources Ltd.	3069.16
Saddle Lake #125	Auburn Energy Ltd.	8192.00
Saddle Lake #125	Auburn Energy Ltd.	9072.60
Siksika #146	Moxie Exploration Ltd.	1280.00
Siksika #146	Hunt Oil Company of Canada, Inc.	4000.00
Siksika #146	Hunt Oil Company of Canada, Inc.	12415.94
Siksika #146	Hunt Oil Company of Canada, Inc.	9288.32
Siksika #146	Burlington Resources Canada Energy	2284.30
Tsuu T'ina #145	Compton Petroleum Corporation	13220.20
Unipouheos #121	Petromin Resources Ltd.	3069.16
		TOTAL 162,089.86
Note: 13,390.94 ha of permit lands were converted to 16 leases during this period		

EXPLORATORY LICENCES (2D & 3D SEISMIC): 1999-2000

Reserve	Company	Square Kilometres
O'Chiese #203	Crestar Energy Inc.	1.7
O'Chiese #203	Crestar Energy Inc.	60.48
O'Chiese #203	Poco Petroleum Ltd.	95
O'Chiese #203	Poco Petroleum Ltd.	15
Siksika #146	Newport Petroleum Corporation	274.75
Stoney #142-144	Velvet Exploration Ltd.	859.74
Sunchild #202	Crestar Energy Inc.	104.67
Sunchild #202	Poco Petroleum Ltd.	35
Sunchild #202	Poco Petroleum Ltd.	6.25
		TOTAL 3D SEISMIC 1452.0 sq. km

Reserve	Company	Kilometres
O'Chiese #203	Synterra Technologies Ltd.	9.89
O'Chiese #203	Synterra Technologies Ltd.	2.8
O'Chiese #203	Northrock Resources Ltd.	1.35
Siksika #146	Moxie Petroleum Ltd.	64.45
Siksika #146	Newport Petroleum Corporation	55.6
Siksika #146	Newport Petroleum Corporation	38.5
Stoney #142-144	Olympia Energy Inc.	9.9
Unipouheos #121	Canadian Mustang Energy Inc.	12.7
Wabasca #66C	Renaissance Energy Ltd.	4
		TOTAL 2D SEISMIC 199.00 km

THE PRODUCTION UNIT

The Production Unit includes three distinct groups: Engineering/Geology, Royalties, and Informatics.

The Engineering/Geology Group

Responsibilities of this group include:

- provision of services led by three senior petroleum engineers to three geographical areas - North, South and Central
- provision of the support of a professional geologist and two engineering technologists across all three geographical areas
- execution of duties in the functional areas of Compliance and Reservoir Engineering
- provision of technical evaluation as part of the review and processing of leases at the end of their primary and succeeding terms
- maintenance of close liaison with other functional groups within the organization while performing these functions

The Compliance activities include:

- monitoring of production on First Nation lands to ensure that oil and gas resources are being produced in accordance with federal and provincial regulations through IOGC's Production Assurance program
- ensuring that production volumes are measured accurately and correctly reported as well as ensuring that equipment and facilities located on reserve lands are operated in an environmentally sound manner
- monitoring, within one mile, lands surrounding First Nations reserves to ensure that oil and gas resources are not being drained by off-reserve wells
- ensuring that all necessary documents are provided by permittees and lessees which are required by the Indian Oil and Gas Regulations and which pertain to drilling, servicing and abandoning wells in which a First Nation has a royalty interest

The Reservoir Engineering activities include:

- evaluation of oil and gas leases for continuance
- processing of requests to abandon wells and to convert wells for water disposal, fluid injection or use as observation wells. Prior to approving any such request, technical information contained in the well file is reviewed to obtain assurance that no economically recoverable oil or gas remain
- review and provision of advice to First Nations with respect to the economics often presented by companies as part of proposals for developing First Nations lands. This may involve an assessment of the remaining recoverable reserves of oil and gas
- provision upon request, of one year projections of First Nations' royalty revenues to the First Nation as well as to staff in DIAND's regional offices

The Royalties Group

Responsibilities of this group include:

- ensuring that all royalties are paid and accounted for, reconciling the royalty paid against the assessment to ensure First Nations receive their share of revenues from production of their resources
- assessment of prices reported by the company to ensure fairness and equitability as compared with Alberta Energy and Utilities Board (AEUB) documentation, price and other source data
- management of authorized deductions from gross royalties such as gas cost allowance and trucking
- auditing of royalties submitted

The Informatics Group

Responsibilities of this group include:

- maintenance of the local area network and the data systems used by IOGC to track leases, production figures, rentals and bonuses
- provision of support for other corporate systems including finance, word processing, spreadsheet and graphics-based programs

DRILLING SUMMARY-FIRST NATION INTEREST WELLS (1999-2000)

LEGEND:

CO	Cased Oil Wells	66
CG	Cased Gas Wells	39
AB	Abandoned Wells	10
DIS/CA	Disposal/Cased Wells	16

Total Wells 131

RESERVE	WELL NAME	LOCATION	STATUS	TOTAL DEPTH(m)
BLOOD#148	MOBIL SOUTH	13-36-04-25W4	OIL	2339
BLOOD#148	MOBIL NINASTOKO	02-02-05-24W4	CASED	2336
BLOOD#148	BONAVISTA	04-24-07-22W4	GAS	1201
BLOOD#148	BONAVISTA BLOOD	03-26-07-22W4	GAS	1488
BLOOD#148	BONAVISTA KIPP	02-18-07-23W4	ABAN	1942
BLOOD#148	BONAVISTA	16-28-07-23W4	GAS	1515
BLOOD#148	BONAVISTA PENNY	01-01-09-23W4	GAS	1184
BLOOD#148	BONAVISTA BLOOD	03-33-07-22W4	CASED	1240
BLOOD#148	BONAVISTA PENNY	14-09-08-22W4	ABAN	1180
BLOOD#148	BONAVISTA PENNY	06-17-08-22W4	OIL	1491
BLOOD#148	BONAVISTA PENNY	08-17-08-22W4	OIL	1175
BLOOD#148	BONAVISTA PENNY	08-19-08-22W4	OIL	1205
BLOOD#148	BONAVISTA PENNY	06-25-08-23W4	OIL	N/A
COLD LAKE#149	BARR KENT	7C-05-62-02W4	OIL	534
COLD LAKE#149	BARR KENT	9C-05-62-02W4	OIL	530
COLD LAKE#149	BARR KENT	11C-05-62-02W4	OIL	534
COLD LAKE#149	BARR KENT	15C-05-62-02W4	OIL	533
COLD LAKE#149	BARR KENT	10A-05-62-02W4	OIL	520
COLD LAKE#149	BARR KENT	11A-05-62-02W4	OIL	506
COLD LAKE#149	BARR KENT	14A-05-62-02W4	OIL	495
COLD LAKE#149	BARR KENT	15A-05-62-02W4	OIL	495
COLD LAKE#149	BARR ANGLING	12C-15-61-02W4	OIL	536
COLD LAKE#149	BARR KENT	13A-15-61-02W4	OIL	549
COLD LAKE#149	BARR KENT	13D-15-61-02W4	OIL	558
COLD LAKE#149	BARR KENT	14C-15-61-02W4	OIL	466
COLD LAKE#149	BARR KENT	14D-15-61-02W4	OIL	488
COLD LAKE#149	BARR KENT	15C-15-61-02W4	OIL	572
COLD LAKE#149	BARR ANGLING	8B-16-61-02W4	OIL	478
COLD LAKE#149	BARR KENT	2B-22-61-02W4	OIL	613
COLD LAKE#149	BARR KENT	2C-22-61-02W4	OIL	574
COLD LAKE#149	BARR KENT	3A-22-61-02W4	OIL	435
COLD LAKE#149	BARR KENT	3C-22-61-02W4	OIL	476
COLD LAKE#149	BARR KENT	3D-22-61-02W4	OIL	529
COLD LAKE#149	BARR KENT	4A-22-61-02W4	OIL	503
COLD LAKE#149	BARR KENT	5A-22-61-02W4	OIL	585
COLD LAKE#149	BARR KENT	6A-22-61-02W4	OIL	569
COLD LAKE#149	BARR KENT	12-34-61-02W4	OIL	465
COLD LAKE#149	BARR KENT	05-05-62-02W4	OIL	547

*N/A - Not Available

RESERVE	WELL NAME	LOCATION	STATUS	TOTAL DEPTH(m)
COLD LAKE*149	BARR KENT	2C-06-62-02W4	OIL	504
COLD LAKE*149	BARR KENT	3A-06-62-02W4	OIL	551
COLD LAKE*149	BARR KENT	3C-06-62-02W4	OIL	520
COLD LAKE*149	BARR KENT	5A-06-62-02W4	OIL	562
COLD LAKE*149	BARR KENT	6A-06-62-02W4	OIL	454
COLD LAKE*149	BARR KENT	6C-06-62-02W4	OIL	518
COLD LAKE*149	BARR KENT	7A-06-62-02W4	OIL	535
COLD LAKE*149	BARR KENT	7C-06-62-02W4	OIL	565
COLD LAKE*149	BARR KENT	11A-06-62-02W4	OIL	533
COLD LAKE*149	BARR KENT	5A-11-62-03W4	OIL	535
COLD LAKE*149	BARR KENT	5C-11-62-03W4	OIL	508
COLD LAKE*149	BARR KENT	6A-11-62-03W4	OIL	528
COLD LAKE*149	BARR KENT	6B-11-62-03W4	OIL	536
COLD LAKE*149	BARR KENT	6C-11-62-03W4	OIL	446
COLD LAKE*149	BARR KENT	7C-11-62-03W4	OIL	536
COLD LAKE*149	BARR KENT	11A-11-62-03W4	OIL	484
COLD LAKE*149	BARR KENT	11C-11-62-03W4	OIL	536
COLD LAKE*149	BARR KENT	12A-11-62-03W4	OIL	453
COLD LAKE*149	BARR KENT	16-11-62-03W4	OIL	445
COLD LAKE*149	BONAVISTA KENT	16-07-62-02W4	CASED	401
ERMINESKIN*138	VELVET VENTUS	14-32-44-22W4(3-5)	GAS	1667
ERMINESKIN*138	VELVET VENTUS	03-06-45-24W4	GAS	790
ERMINESKIN*138	VELVET NELSON	10-03-45-25W4	GAS	850
ERMINESKIN*138	VELVET NELSON	05-11-45-25W4	OIL	1581
ERMINESKIN*138	VELVET NELSON	12-11-45-25W4	OIL	1555
ERMINESKIN*138	VELVET NELSON	03/13-11-45-25W4/00	ABAN	1550
ERMINESKIN*138	VELVET NELSON	03/13-11-45-25W4/02	GAS	1554
ERMINESKIN*138	VELVET NELSON	14-11-45-25W4	GAS	1545
ERMINESKIN*138	VELVET NELSON	02/07-36-44-25W4	GAS	828
ERMINESKIN*138	IEL VELVET WETWIN	03-17-45-24W4	GAS	1533
HAYLAKE*209	AEC SOUSA	13-35-112-05W6	CASED	1531
HAYLAKE*209	AEC OG(E)	08-34-112-05W6	CASED	1517
HAYLAKE*209	EDGE SOUSA	02-06-112-04W6	GAS	345
HAYLAKE*209	EDGE SOUSA	04-01-112-05W6	CASED	346
HAYLAKE*209	EDGE SOUSA	02-02-112-05W6	CASED	299
HAYLAKE*209	EDGE SOUSA	15-04-112-05W6	CASED	1540
HAYLAKE*209	EDGE SOUSA	15-12-112-05W6	OIL	1362
HAYLAKE*209	EDGE SOUSA	02-09-25-112-05W6	CASED	284
HEART LAKE*167	CBEI MILLS	05-36-69-11W4	ABAN	350
LOUIS BULL*138B	VELVET NELSON	15-18-45-25W4	GAS	780
LOUIS BULL*138B	VELVET NELSON	10-19-45-25W4	GAS	765
LOUIS BULL*138B	VELVET NELSON 102	02/04-23-45-25W4	GAS	1545
LOUIS BULL*138B	VELVET NELSON	03-26-45-25W4	ABAN	1530
LOUIS BULL*138B	VELVET NELSON	05-26-45-25W4	ABAN	1530
LOUIS BULL*138B	VELVET NELSON	11-26-45-25W4	GAS	1527
O'CHIESE*203	POCO FERRIER	11-26-43-10W5/3RE	CASED	3160
O'CHIESE*203	POCO FERRIER	13-02-44-10W5	GAS	3065

(Continued on page 24)



(Continued from page 23)

RESERVE	WELL NAME	LOCATION	STATUS	TOTAL DEPTH(m)
O'CHIESE#203	POCO FERRIER	14-30-43-09W5	ABAN	2906
O'CHIESE#203	BURLINGTON	16-31-44-09W5	GAS	1948
SADDLE LAKE#125	AUBURN KEYANO	10-15-57-11W4	GAS	670
SADDLE LAKE#125	AUBURN KEYANO	10-22-57-11W4	GAS	668
SADDLE LAKE#125	AUBURN KEYANO	14-23-57-11W4	GAS	660
SAMSON#137	IEI VELVET SAMSON	02/08-17-44-24W4	OIL	1557
SAMSON#137	IEI VELVET SAMSON	12-23-44-24W4	GAS	798
SAMSON#137	IEI VELVET SAMSON	02-16-44-24W4	GAS	1545
SAMSON#137	VELVET WOOD	13-31-43-23W4	ABAN	752
SAMSON#137	VELVET DYBERG	13-07-44-23W4	ABAN	725
SAMSON#137	VELVET SAMSON	03/10-09-44-24W4	OIL	1485
SAMSON#137	VELVET SAMSON	13-09-44-24W4	CASED	1552
SAMSON#137	VELVET SAMSON	03/10-09-44-24W4	OIL	1485
SAMSON#137	VELVET SAMSON	03/15-09-44-24W4	OIL	1495
SAMSON#137	VELVET SAMSON	16-09-44-24W4	OIL	1523
SAMSON#137	VELVET SAMSON	02-11-44-24W4	OIL	736
SAMSON#137	VELVET SAMSON	02/03-16-44-24W4	OIL	1490
SAMSON#137	VELVET SAMSON	01-17-44-24W4	OIL	1542
SIKSIKA#146	MOXIE RICHLAND	03-04-20-19W4	CASED	1358
SIKSIKA#146	MARATHON	02/04-02-20-21W4	OIL	1420
SIKSIKA#146	NEWPORT BASSANO	15-01-21-19W4	GAS	1297
SIKSIKA#146	NEWPORT BASSANO	07-09-21-19W4	CASED	600
SIKSIKA#146	NEWPORT BASSANO	08-10-21-19W4	GAS	1327
SIKSIKA#146	NEWPORT BASSANO	11-13-21-19W4	GAS	1297
SIKSIKA#146	NEWPORT BASSANO	08-16-21-19W4	GAS	600
SIKSIKA#146	NEWPORT BASSANO	07-21-21-19W4	CASED	1190
SIKSIKA#146	EOG BLACKFOOT	14-21-22-24W4(RE)	GAS	847
STONEY#142B	4-25 DR WILDCAT	03-25-27-06W5(4-25)	GAS	2400
STONEY#142B	SHELL VELVET	11-14-25-07W5(9-15)	GAS	2882
STONEY PLAIN#135	POST ACHESEN EAST	10-01-52-26W4	CASED	1360
STONEY PLAIN#135	POST YEAKU LAKE	03-02-52-26W4	OIL	1375
STONEY PLAIN#135	POST YEAKU LAKE	01-10-52-26W4	GAS/OIL	1364
STONEY PLAIN#135	POST GOLDEN SPIKE	07-17-52-26W4	GAS	1389
STURGEON LAKE	LYSE STURLS	14-03-70-23W5	CASED	2837
STURGEON LAKE	LYSE STURLS	02/15-04-70-23W5	GAS	2690
STURGEON LAKE	LYSE STURLS	09-08-70-23W5	OIL	2693
STURGEON LAKE	LYSE STURLS	07-09-71-23W5	OIL	2779
STURGEON LAKE	NAL CRESTAR	05-17-69-24W5	OIL	1808
STURGEON LAKE	ZARGON STURLS	15-11-70-24W5	GAS	1350
SUCKER CREEK	GENESIS JOUSSARD	16-30-77-14W5	GAS	780
SUCKER CREEK	GENESIS JOUSSARD	16-13-74-15W5	ABAN	820
WABAMUN#133A	RIGEL HIGHVALE	13-24-52-04W5(14)	GAS	1555
WABASCA#160C	RENAISSANCE	11-27-82-25W4	GAS	420
WHITEFISH LAKE	SIGNALTA	12-02-62-13W4(13-2)	GAS	920
WOODLAND CREE	UPRIEVI	10-19-86-13W5	OIL	1607
WOODLAND CREE	RENAISSANCE	06-10-87-17W5	GAS	511



THE PLANNING AND CORPORATE SERVICES UNIT

Planning and Corporate Services (PCS) comprises four groups headed by the Director, Planning and Corporate Services. The unit manages and coordinates planning for the organization as well as integrates work plans formulated by other units. PCS also provides essential corporate services that relate to corporate policy, human resources, finance, contracts and administration.

The Policy Group

This group maintains a strategic role in the following:

- development of corporate policies
- coordination of the approval of new policies and changes in existing policies
- the coordination of intra and intergovernmental strategies to accommodate new directions in the government's administration of oil and gas on First Nation lands

The Human Resources Group

The principal responsibilities of this group are:

- the provision of a complete personnel service to IOGC senior management and employees
- administration of the special human resources classification system and other programs required by IOGC as an organization with separate employer status
- training and development
- recruitment and staffing
- staff relations and compensation

The Finance Group

This group is responsible for:

- the provision of complete corporate financial service to IOGC in the areas of accounting operations, financial systems, budget allocation, management variance reporting and funding to pilot First Nations for oil and gas initiatives
- administration of the decentralized IOGC budget
- collection and processing of bonus, lease and royalty payments to the First Nation trust accounts through IOGC's Resource Information Management System (RIMS)

The Contracts and Administration Group

This group provides IOGC with a variety of administrative services, including:

- contract administration
- maintenance of central records
- facility management
- purchasing
- security
- the handling of access to information requests
- maintenance of a resource library



1999 - 2000 FINANCIAL OPERATIONS

(thousands of dollars)

Funding

1999-2000 Budget Allocation*	\$8,712.3
Carry forward from 1998-1999	\$187.5
Total Funding	\$8,899.8

Expenses, Contributions & Transfers

Salaries	\$4,154.8
Operating & Maintenance (i)	
Inventory Management Services	\$7.3
Disposition/Amendment Management Services	\$133.5
Contract Management Services	\$59.6
Monitoring and Verification Management Services	\$840.4
Operational Framework (Policy) Services	\$283.0
Corporate	\$926.0
Informatics	\$419.0
IOGC Board	\$10.5
Total Operating & Maintenance	\$2,679.3
Contributions & Transfers	
IRC - Partnership	\$440.0
- FNET	\$150.0
- IOGC Board	\$116.9
- Other	\$43.7
First Nations Oil and Gas Management Initiative	\$1,249.2
Other Contributions & Transfers	\$20.0
Total Contributions & Transfers	\$2,019.8
Total Expenses & Contributions	\$8,853.9

Surplus/Deficit	\$45.9
------------------------	---------------

*includes salary, OEM, FMC and Gathering Strength funds
(i) refer to Annex I for explanation of Serving Categories

Revenues Collected On Behalf Of First Nations

Royalties	\$120,887.7
Bonus	\$ 12,738.5
Compensation and Rentals	\$ 7,931.5
Total Revenues Collected	\$141,557.7

ANNEX I - SERVICE CATEGORIES

Inventory Management involves the verification of title ownership to surface and subsurface rights and the maintenance of an inventory of hydrocarbon potential utilizing geological, geophysical and reservoir studies, mapping and evaluations and determinations of hydrocarbon reserves.

Disposition/Amendment Management involves the disposition and leasing of oil and gas rights, related surface rights and amendments thereto through: opportunity identification and promotion, assessment and recommendation of terms and conditions, environmental assessment and screening, the disposition (by negotiation, tender, and such) of subsurface or associated surface rights and the negotiations of any amendments to existing agreements.

Contract Management involves the documentation and administration of all agreements and amendments, the processing of transfers, technical reviews and assessments resulting in the continuance or expiry of subsurface agreements and other contract administration functions.

Monitoring and Verification (Compliance) involves the monitoring of industry activities to ensure all requirements stemming from agreements, legislation and guidelines are met, including the completion of work commitments, the collection, verification and validation of First Nation monies, the administration of royalty-related deductions (i.e. gas cost allowance), assessments respecting production assurance and equity, as well as audits dealing with royalties, production and operating facilities.

Operating Framework (Policy) involves the development and implementation of policies and initiatives to facilitate the organization's mandate and objectives respecting oil and gas resource management and the furthering of First Nation initiatives to manage and control their resources.

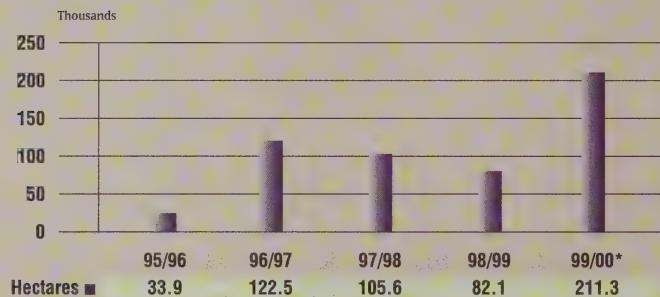
Corporate Management involves the management and administration of the organization and its resources including strategic planning, financial planning, financial and human resource management, office administration, briefings and communication.

Informatics involves the management of information technology, including both hardware and software related to business needs.



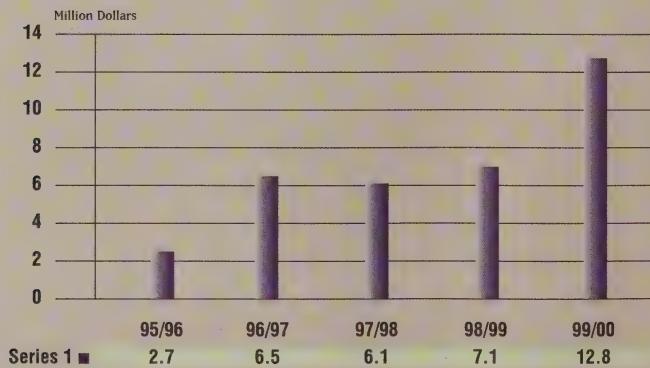
CHARTS & GRAPHS

**FIRST NATION LANDS NEWLY LEASED,
PERMITTED OR CONVERTED
FROM PERMIT TO LEASE***

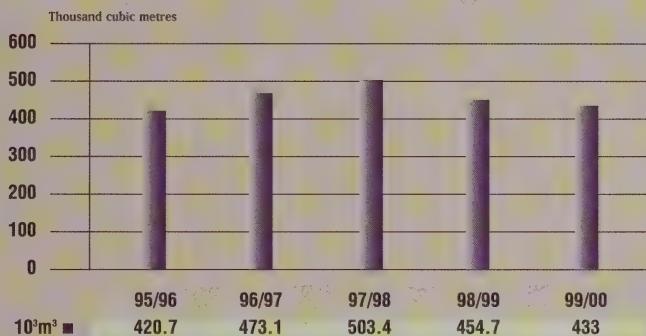


*Non-Cumulative

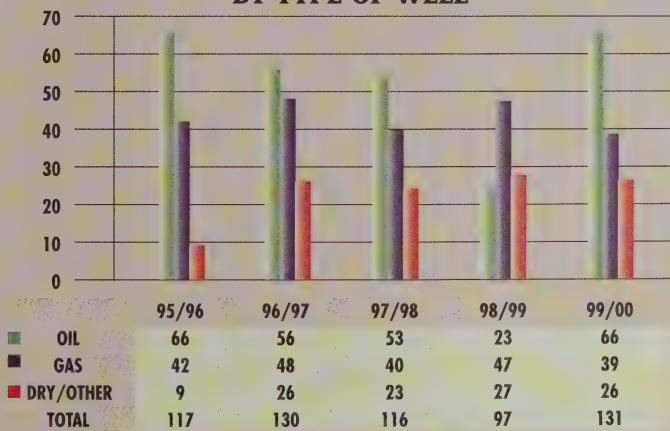
**BONUS REVENUES
FROM FIRST NATION LANDS**



OIL PRODUCTION FROM FIRST NATION LANDS BY FISCAL YEAR



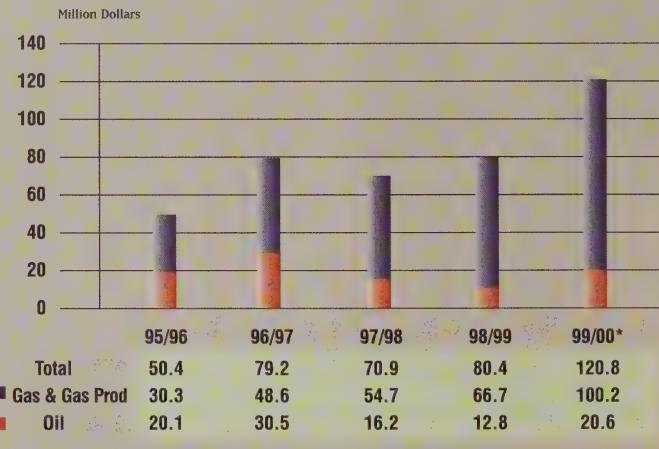
WELLS DRILLED ON FIRST NATION LANDS BY TYPE OF WELL





CHARTS & GRAPHS

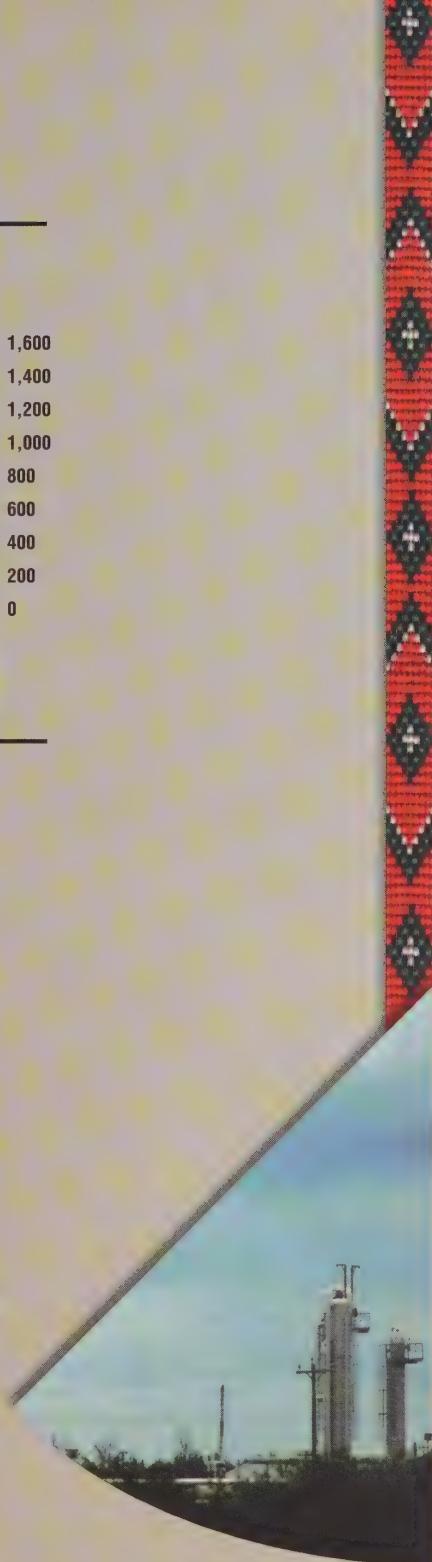
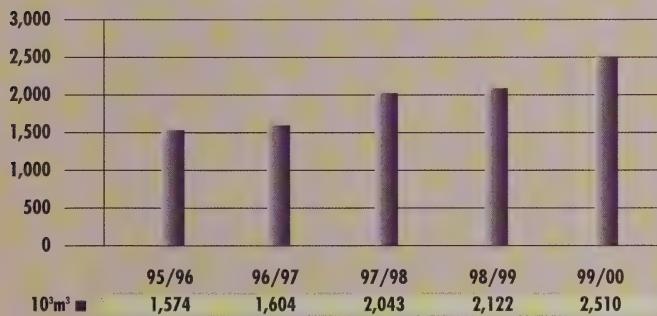
ROYALTY REVENUES FROM FIRST NATION LANDS OIL, GAS & GAS PRODUCTS



SEISMIC ACTIVITY ON FIRST NATION LANDS



GAS PRODUCTION VOLUMES FROM FIRST NATION LANDS



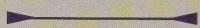


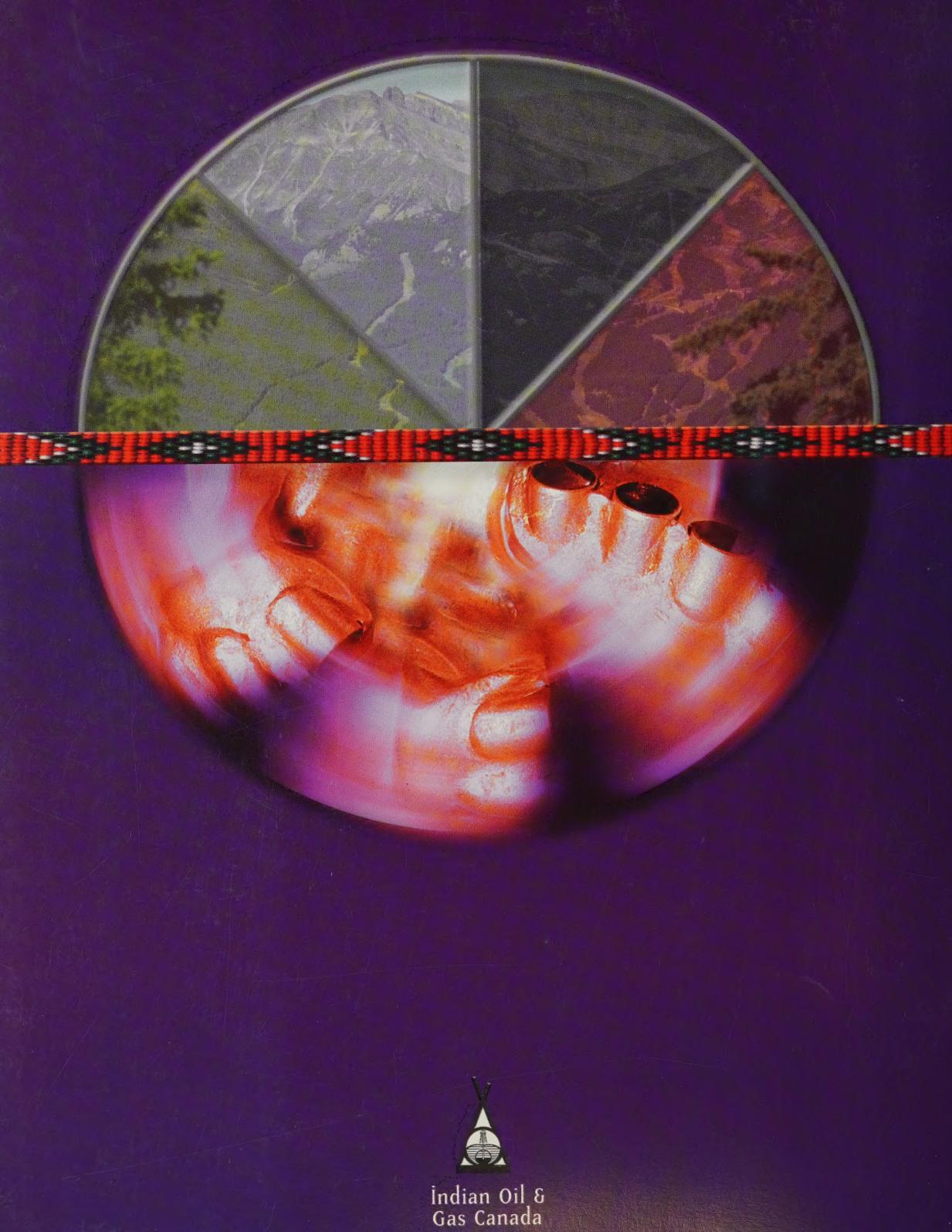
INDIAN OIL AND GAS CANADA

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Gas Canada